BRITISH COLUMBIA

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highlights

a weekly digest of recently released British Columbia statistics

Labour Market

- **The number of regular employment insurance (EI) recipients in BC increased 2.3% (seasonally adjusted), to 66,320, between January and February.** The increase was the first since last July. Nationally, the number of EI recipients also rose, growing 1.0% to 528,420. Saskatchewan (+3.4%, to 12,780), Alberta (+3.2%, to 38,130) and BC were the provinces where the number of recipients increased the most. *Source: Statistics Canada*

- **Average weekly earnings in British Columbia increased 0.2%, to $623 (seasonally adjusted) in February after remaining unchanged in the previous month.** Nationally, average wages also rose 0.2%, increasing to $608 per week. Weekly earnings were up in every province except Quebec and Saskatchewan, where they were stagnant. *Source: Statistics Canada*

Union Members

- **Last year, 35% of all employees (excluding the self-employed) in BC were union members.** BC had the third highest unionization rate in the country, after Newfoundland (39%) and Quebec (36%). The Canadian average was 31%. Unionization rates in other provinces ranged from a low of 22% in Alberta to 34% in Manitoba. Male ($21.64) and female ($19.22) union members in BC had the highest average hourly wages in the country in 1998. *Source: Statistics Canada*

- **Employees who were union members in BC earned $4.21 an hour more than their non-unionized counterparts if they were men, and $5.83 if they were women, in 1998.** The wage difference between unionized and non-unionized workers was larger for women in all parts of the country, ranging from $4.45 an hour in Manitoba to $7.24 an hour in PEI. Among men, the premium was lowest in Alberta ($2.86 an hour) and highest in PEI ($5.64).

- **In BC, female employees were as likely (35%) as males to be union members.** New Brunswick (27%) was the only other province where the unionization rates of men and women were equal. Nationally, 32% of male, and 29% of female, employees were unionized. *Source: Statistics Canada*

Bankruptcies

- **There were 603 consumer bankruptcies in the province in January, 24.1% more than in the same month last year.** The increase in consumer bankruptcies was the third in as many months. Nationally, there were 5,188 consumer bankruptcies registered in January, 4.0% less than twelve months earlier. Bankruptcies were down in Ontario, Manitoba and Alberta, but increased in BC, Saskatchewan, Quebec and Atlantic Canada. *Source: Industry Canada*

- **Business bankruptcies rose 34.4% in January, compared to the same month last year, with 86 bankruptcies registered in BC.** Alberta (+35.0%) and Nova Scotia (+200.0%) were the only other provinces to record a significant increase in January. Nationally, the number declined 2.1%, and bankruptcies were down in six provinces. *Source: Industry Canada*

Y2K

- **Virtually all (99.5%) large businesses (those with 250 or more employees) in Canada say their computer systems should not suffer from the millennium bug on January 1, 2000.** Based on a recent survey, 18% of large firms

Report **Export reliance on the US market increases**

Did you know...

Greenhouse growers in BC produced $90.0 million of vegetables, including $49.6 million worth of tomatoes last year. The province is the biggest producer of hothouse peppers ($24.0 million) in the country, accounting for about two-thirds of total Canadian production.

expect to be Y2K ready by the end of April; 52% say they will be ready before July; 67% before September; and 92% by the end of October. Most air transportation, finance and insurance firms, and companies producing oil, gas and electricity expect to have critical systems ready by the end of August. However, more than half (57%) of large hospitals do not expect to have all systems in place until later in the year.

Large firms–which generate about 85% of gross revenues for the organizations included in the survey–are the ones most likely to have equipment or computer systems which might fail. Eighty-five percent say they have contingency plans to handle system failures in the event that the Y2K bug hits despite their efforts.

Source: SC, The Daily

- **In BC (where the millennium bug, if it hits, will hit last), 8% of large organizations expect to be working on Y2K preparations right up to the end of the year–and 1% say they don't know when they'll be ready.** Five percent of large firms in Ontario and Atlantic Canada, 10% in the Prairies/NWT and 12% in Quebec also expect to keep computer programmers busy during the last two months of 1999.

Source: SC, The Daily

Prescription Drugs

- **Public programs covered about 45% of the prescription drug costs of Canadians in 1995.** This compares to 25% in the US, one of only 2 countries in an international study where the public drug coverage rate was lower than in Canada. The UK and the Netherlands had almost full (90%) coverage of prescription drugs through public programs.

  About 61% of Canadians surveyed indicated that they had prescription drug insurance in 1996/97. Coverage was highest in Alberta (68%), Nova Scotia (67%) and Ontario (66%). In BC, 62% of those aged 15 or over were covered. Only 40% of Saskatchewan residents reported that the cost of their prescription drugs was covered by an insurance plan. *Source: SC, Catalogue 82-003*

The Class of '95

- **In 1995, just under 300,000 Canadians received diplomas or degrees from trade and vocational schools (58,900), colleges (82,000) and universities (157,100).** Two years after graduation, most of these graduates had found either full-time or part-time employment, more than half of them in a job related to their field of study. College graduates (85%) had the greatest success rate, followed by graduates of university (83%) and trade and vocational (79%) programs. Among those with a university education, graduates of doctoral (88%) programs were more likely to have found work than those who received a masters (84%) or bachelors (82%) degree. Median earnings were $47,000 for graduates with a PhD or masters degree, and $32,000 for those with a bachelors degree. College ($25,700) and trade/vocational school ($23,400) graduates had lower earnings.

  Source: Human Resources Development Canada, The Class of '95

- **Women were more likely to invest in a post-secondary education than men: six out of every ten (57%) graduates in 1995 were female, even though men outnumbered women in the population aged 20–34.** The difference was most pronounced among university graduates receiving their first degrees (61% were female), but women outnumbered men in all fields of study except at the doctoral level, where 35% of graduates were women, and in trade/vocational schools, where they made up 48% of the graduating class. This continues an ongoing trend which has seen women account for an increasingly larger share of the student body in post-secondary institutions.

  Source: Human Resources Development Canada, The Class of '95

- **More than half (55%) of all 1995 graduates borrowed money to finance their education.** The average debt load for university graduates who borrowed from student loan programs was $12,000; for college graduates, it was $9,000.

  Source: Human Resources Development Canada, The Class of '95

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

April 30, 1999 Infoline Report:

British Columbia export reliance on US market highest since early 1960s

Contact: George Dufour (250) 387-0376

Originally published in December 1998 issue of *Exports*. Annual subscription: $60 + GST

British Columbia shipped a record value of exports to the United States in 1998, as exports to overseas markets continued their four year slide. The effect was to push the percentage of total provincial exports destined for the United States to the highest level since 1962.

Growing dependence on the U.S. market has become a well established trend of the 1990s. Between 1990 and 1998, the portion of total exports destined for the United States market rose from 42 per cent to 63 per cent. This higher concentration of exports in the United States increases the risk of serious setback for the province should the U.S. economy turn down.

However, even with almost two thirds of total exports destined for the United States, British Columbia still remains less dependent on the U.S. market than most of Canada. The 63 per cent of British Columbia's exports that were shipped to the United States in 1998 compared with 85 per cent for Canada as a whole.

But British Columbia is steadily losing its claim to being more independent of the United States than the rest of Canada. In 1990, British Columbia's 42 per cent U.S. bound export ratio compared to a national average of 74 per cent, a difference of 32 percentage points. By 1998, this had shrunk to a difference of 22 percentage points.

Before 1990s, Exports Grew Faster to Japan Than to U.S.A.

Up to the 1990s, British Columbia's export markets were growing steadily more diversified as shipments to Japan, Europe and other world markets grew faster than exports to the United States. Between 1950 and 1990, the portion of total exports being shipped to the United States decreased gradually from 80 per cent to 42 per cent, as the portion destined for Japan rose from virtually zero to 28 per cent.

In the first decades after the Second World War Japan was virtually the only Asian market of any significance for British Columbia. It was in this period that Japanese forestry and mineral imports from British Columbia gave the province the claim to being less reliant on the United States market than most of the rest of the country.

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Although the trend prior to 1990 was to less trade reliance on the United States, there were occasional reverses. The long downward movement in the proportion of total exports destined for the United States was marked by 5 or 6 year swings associated with U.S. economic growth. Whenever the U.S. economy grew faster, it drew in larger volumes of exports, temporarily increasing the portion of total British Columbia exports destined for the United States. Export growth to the United States would fall off again whenever the U.S. economy retracted. These swings were accentuated by the tendency of the U.S. dollar to rise against the Canadian dollar in those periods when the United States economy was expanding quickly.

1990s Usher In New Trade Patterns

A number of developments have encouraged the shift back to more heavy export reliance on the United States market. Two of the most important can be dated to the beginning of this decade. At that time the Japanese bubble economy burst, issuing in a period of economic stagnation that has persisted to this day. This occurred just as the U.S. economy was recovering from a difficult recession and entering a long period of economic growth that has also continued into the last year of the decade.

Continental free trade has been another factor promoting more trade reliance on the United States. As the Canada-U.S. Free Trade Agreement, and the North American Free Trade Agreement (NAFTA) which followed it have opened up North American trade, secondary manufacturers in British Columbia and elsewhere in Canada have lost previously tariff-protected domestic markets, but have gained more reliable access to markets in the United States and Mexico. The result has been a rapid increase in trade in both directions.

Exports to the United States As Per Cent of Total Exports

	1990	1991	1992	1993	1994	1995	1996	1997	1998
BC	41.9	43.5	48.9	52.9	54.1	49.4	54.0	55.5	63.0
Alta	74.4	73.0	76.6	80.9	79.9	77.1	80.1	80.1	82.6
Sask	46.5	42.1	44.5	54.3	51.5	47.6	50.6	51.5	59.5
Man	60.5	60.2	59.7	70.2	69.7	72.8	72.7	73.6	78.4
Ont	85.9	87.8	88.4	89.8	90.9	89.3	89.9	90.5	92.3
Que	71.6	73.0	75.3	79.0	81.8	80.5	80.4	81.6	83.7
NB	66.1	65.0	63.8	71.1	73.5	69.3	74.1	78.1	81.2
NS	66.9	67.9	67.8	73.1	72.8	66.7	68.9	67.5	72.8
PEI	60.1	53.3	58.3	71.8	64.0	61.4	74.2	77.9	83.0
Nfld	67.9	53.4	50.3	55.5	54.4	52.5	59.9	62.1	65.6
Canada	74.4	74.8	76.9	80.2	81.4	79.1	80.6	81.5	85.1

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Per Cent of British Columbia Exports Going to the United States

	1990	1991	1992	1993	1994	1995	1996	1997	1998
WOOD PRODUCTS	**53.8**	**55.3**	**58.8**	**60.6**	**63.4**	**58.1**	**62.3**	**66.0**	**74.0**
Lumber (softwood)	51.8	53.1	57.4	59.2	62.0	56.9	61.6	65.0	72.1
Cedar Shakes and Shingles	97.2	97.7	97.6	97.6	96.9	97.5	97.9	96.4	97.0
Plywood (softwood)	8.6	6.1	7.2	11.2	14.0	5.3	6.6	9.1	28.4
Selected Value Added Wood Products	81.6	80.2	84.3	82.9	78.5	69.1	69.1	74.2	86.8
other	38.5	43.4	45.3	56.0	67.6	74.0	74.7	79.5	79.6
PULP AND PAPER PRODUCTS	**41.7**	**38.9**	**38.3**	**45.0**	**41.3**	**39.4**	**44.7**	**41.6**	**43.1**
Pulp	28.3	24.2	25.2	33.5	30.5	29.2	32.4	27.7	21.5
Newsprint	75.6	68.4	60.0	60.1	61.2	64.2	63.0	57.0	64.7
Paper, Paperboard - exc. Newsprint	49.1	48.7	54.7	57.9	59.0	51.9	60.4	68.1	74.8
other	67.7	62.2	77.1	77.4	77.7	80.0	77.7	78.5	87.1
AGRICULTURE AND FOOD OTHER THAN FISH	**57.7**	**65.4**	**61.6**	**62.8**	**63.4**	**57.0**	**62.7**	**56.6**	**69.3**
Fruit and Nuts	69.4	69.5	69.8	70.9	73.7	76.3	74.3	76.1	83.8
Vegetables	58.2	53.3	60.1	53.6	49.0	51.4	63.8	76.9	86.4
other	56.1	65.6	60.4	62.4	63.1	54.4	60.8	52.0	64.1
FISH PRODUCTS	**26.3**	**32.8**	**34.3**	**37.4**	**37.1**	**41.9**	**37.4**	**46.8**	**55.7**
Whole Fish;Fresh, Ch'd, Froz. exc Salmon	53.4	52.1	62.0	66.0	61.2	58.3	59.9	59.6	68.9
Whole Salmon; Fresh, Chilled, Frozen	40.5	49.6	51.5	53.5	49.1	68.5	71.2	70.3	81.3
Salmon; Canned, Smoked, etc.	2.9	2.4	2.2	2.1	3.8	5.2	4.0	5.5	4.6
other	19.0	22.5	22.3	23.5	24.3	25.6	22.7	29.8	39.1
METALLIC MINERAL PRODUCTS	**10.0**	**11.5**	**17.6**	**15.6**	**23.8**	**16.8**	**18.9**	**23.6**	**33.9**
Copper Ores and Concentrates	0.1	0.1	2.8	0.5	7.6	0.0	0.0	0.0	3.6
Molybdenum Ores and Concentrates	0.0	0.2	5.3	12.4	12.1	18.3	18.9	7.2	4.8
Unwrought Aluminum	6.3	6.6	5.1	4.3	9.1	10.9	6.5	6.1	21.7
Unwrought Zinc	58.8	52.1	69.1	66.7	77.9	76.6	66.5	71.6	75.5
other	18.3	25.0	30.3	52.9	66.9	44.5	36.5	39.3	36.5
ENERGY PRODUCTS	**24.0**	**27.2**	**39.7**	**34.8**	**40.1**	**30.3**	**30.0**	**36.0**	**44.1**
Natural Gas	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Coal	0.8	1.1	0.2	0.1	0.1	0.1	2.3	2.7	2.6
Electricity	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
other	73.5	70.0	74.0	64.4	96.1	88.6	98.2	91.5	93.1
MACHINERY AND EQUIPMENT	**69.9**	**70.0**	**72.8**	**75.1**	**72.7**	**73.5**	**71.2**	**72.9**	**80.9**
Motor Vehicles and Parts	77.5	68.4	70.1	70.8	70.8	80.4	76.7	78.9	85.7
Electrical/Electronic/Communications	72.1	65.0	68.4	68.9	72.4	71.4	65.2	65.4	70.9
other	66.5	72.1	74.9	78.0	73.7	71.2	71.8	73.8	82.7
PLASTICS AND ARTICLES OF PLASTIC	**89.0**	**85.2**	**81.7**	**84.8**	**90.0**	**82.5**	**88.4**	**84.6**	**94.7**
APPAREL AND ACCESSORIES	**89.0**	**82.8**	**92.7**	**93.0**	**90.3**	**91.0**	**93.4**	**92.2**	**95.1**
ALL OTHER COMMODITIES	**57.0**	**61.5**	**69.9**	**72.0**	**71.5**	**73.1**	**78.8**	**70.5**	**77.0**
GRAND TOTAL	**41.9**	**43.5**	**48.9**	**52.9**	**54.1**	**49.4**	**53.9**	**55.6**	**63.0**

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Exports to the United States market have also been encouraged by the fall of the Canadian dollar against the American dollar in recent years. The exchange rate has conferred a price advantage for Canadian goods in U.S. markets, but has led some economists to caution that it could be masking competitive weaknesses as Canadian productivity rates have failed to match those in the United States.

While British Columbia producers of secondary manufactured *products* have been steadily expanding their exports to the United States in the 1990s, it has been a different story for producers of raw and semi-processed resource commodities. These have always relied more heavily on overseas markets than have secondary manufacturers, but are now faced with shrinking markets and poor prices stemming from tough new international competition and, more recently, from the Asian economic crisis.

While the Asian crisis has presented some very acute economic problems during the past year, it is not expected to persist over the long term. Stiffer competition to sell resource commodities in international markets, on the other hand, is likely to be a reality for the indefinite future.

Examples of this competition have included lumber from Chile, New Zealand and Sweden; coal from Australia and China; and pulp from Brazil and Indonesia. In future, there is potential for additional competition from Russia and other east European sources, as those countries improve their transportation and legal infrastructures.

A More Value Added Export Commodity Mix Has Tended to Bind B.C. Closer To U.S. Market

The persistent efforts of successive British Columbia governments to increase the value added content of the province's export mix have received a considerable boost from NAFTA. The Agreement was particularly effective in opening trade for manufactured goods moving between Mexico, the United States and Canada. This has encouraged the freer continental exchange of manufacturing components and completed assemblies. One result has been to integrate British Columbia (and the rest of Canada) more completely into a larger North American economy, effectively tying the province more closely to the United States.

Prior to NAFTA, U.S. tariffs applying to raw or semi-processed natural resource products had generally been low, so that the Agreement brought little immediate change to the then existing pattern of provincial resource exports to the United States.

However, for more finished goods there were sharply higher tariffs. These 'escalating' tariffs worked to discourage British Columbia's resource producers from exporting their goods in more finished forms. With their removal Canadian manufacturers gained reliable access to U.S. markets, but are still faced with considerable barriers in overseas markets. Not surprisingly, this has led to a steadily growing concentration of British Columbia's value added exports in the United States market.

For example, 81 per cent of machinery and equipment exports went to the United States in 1998, up from 70 per cent in 1990.

The percentage of plastic product exports

shipped to the United States grew from 89 per cent of all plastics exports 1990, to 95 per cent in 1998.

Similarly for apparel products export , the portion destined for the United States rose from 89 per cent bound for the United States in 1990, to 95 per cent in 1998.

The trend to greater concentration in the United States market has also applied to valued added goods produced by the traditional resource industries. For example, the portion of all exports of non-newsprint paper products shipped to the United States grew from 49 per cent in 1990, to 75 per cent in 1998. Zinc metal exports bound for the United States went from 59 per cent of total zinc metal exports in 1990, to 76 per cent in 1998. And value added solid wood products went from 82 per cent bound for the United States in 1990, to 87 per cent U.S. bound in 1998.

Future Prospects

Some of the developments that have led to the increased concentration of British Columbia exports in the U.S. market during the 1990s are reversible.

Japan must sooner or later find its way out of its economic quagmire. The United States expansion, already almost a decade old, may not continue indefinitely. New economic superpowers could emerge in the next century, presenting new overseas export opportunities. And finally, the Canadian dollar could rise sharply against the U.S. dollar, braking Canadian export growth to the United States for a period.

On the other hand, international competition in resource commodity markets is likely to continue to grow. While this could check resource commodity export growth in overseas markets, it could also give greater incentive to forestry and mineral producers to differentiate their products from those of their competitors by marketing them in more finished forms.

For the medium term, at least, the continuing integration of British Columbia's manufacturing sector into the North American economy should expand the portion of total exports destined for the United States. Over the longer term, however, it is possible that non-resource based value added exports will become a more important part of overseas trade. Gains already made in shipping secondary manufactured goods to the United States could eventually be followed by similar successes in overseas markets.

Working from a North American base, some British Columbia high technology manufacturers have already made important inroads into Europe and Asia. It is not out of the question that some of these companies could someday grow into a British Columbia version of Washington State's Boeing or Microsoft.

Infoline

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BC at a glance . . .

POPULATION (thousands)	Jan 1/99	% change on one year ago
BC	4,021.4	0.7
Canada	30,418.1	0.9
GDP and INCOME		
(BC - at market prices)	1997	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	24,775	0.1
Personal Disposable Income *($ 1992 per Capita)*	16,340	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Feb	2,899	3.3
Merchandise Exports (raw) Feb	2,011	0.7
Retail Sales (seasonally adjusted) Feb	2,735	-0.3
CONSUMER PRICE INDEX		
(all items - 1992=100)	Mar '99	% change on one year ago
BC	110.3	0.5
Canada	109.5	1.0
LABOUR FORCE (thousands)		
(seasonally adjusted)	Mar '99	% change on one year ago
Labour Force - BC	2,094	2.5
Employed - BC	1,918	4.1
Unemployed - BC	176	-12.8
		Mar '98
Unemployment Rate - BC *(percent)*	8.4	9.9
Unemployment Rate - Canada *(percent)*	7.8	8.4
INTEREST RATES (percent)	Apr 28/99	Apr 29/98
Prime Business Rate	6.50	6.50
Conventional Mortgages - 1 year	6.30	6.55
- 5 year	6.95	6.95
US/CANADA EXCHANGE RATE	Apr 28/99	Apr 29/98
(avg. noon spot rate) Cdn $	1.4765	1.4376
US $ *(reciprocal of the closing rate)*	0.6782	0.6960
AVERAGE WEEKLY EARNINGS		
(industrial aggregate - dollars)	Feb '99	% change on one year ago
BC	617.70	0.9
Canada	607.63	0.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

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- Exports, February 1999
- Business Indicators, April 1999
- Current Statistics, April 1999

Next week

- Tourism Room Revenue, Annual 1998
- Tourism Room Revenue, January 1999

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